



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 29.4.2005  
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**Provisional annual accounts for the financial year 2004 of the 6th, 7th, 8th and 9th  
European Development Funds**

(presented by the Commission)

Article 96 of the Financial Regulation applicable to the 9<sup>th</sup> European Development Fund states that the Commission draws up the accounts of the EDF describing the financial situation of the Fund as at 31 December of the preceding year. The EDF Accounts comprise the financial statements, the reports on financial implementation and the financial statements and the information supplied by the European Investment Bank (EIB).

The accounts must be accurate and comprehensive and present a true and fair view:

(i) as regards the financial statements, of the assets and liabilities, charges and income, entitlements and obligations not shown as assets or liabilities, and cash flow;

(ii) as regards the reports on financial implementation, of the revenue and expenditure operations from EDF resources.

Moreover the financial statements shall be drawn up in accordance with generally accepted accounting principles, namely:

(a) going concern basis;

(b) prudence;

(c) consistent accounting methods;

(d) comparability of information;

(e) materiality;

(f) no netting;

(g) reality over appearance;

(h) accrual-based accounting.

The financial statements are prepared by the accounting officer and presented in millions of euro. The annex to the financial statements supplements and comments the information presented in the statements and contains notes indicating which accounting principles were applied in the preparation and presentation of the accounts.

The outturn of the European Development Funds for the Financial Year 2004 can be summarised as follows;

# 1. FUNDS MANAGED BY THE EUROPEAN COMMISSION

(€ million)

## Consolidated balance sheet of the 6th, 7th, 8th and 9th EDFs as at 31 December 2004

	<u>2004</u>	<u>2003</u>
<b><u>ASSETS</u></b>		
<b><u>Long term assets</u></b>		
<b>Contributions</b>		
Initial allocation	40.390,15	40.035,15
EIB special contribution	60,00	60,00
less: amounts called up	- 23.240,00	- 20.820,00
	17.210,15	19.275,15
Amounts called up	23.240,00	20.820,00
less: payments received	- 23.197,62	- 20.724,23
	42,38	95,77
<b>Stabex contributions</b>		
Initial allocation	1.800,00	1.800,00
less: amounts called up and received	- 1.800,00	- 1.800,00
	-	-
Net contributions receivable	17.252,53	19.370,92
<b><u>Current assets</u></b>		
Debtors	25,78	26,27
Short-term investments	-	3,15
Deferred expenditure	537,00	427,82
Cash at bank	798,88	526,16
	18.614,19	20.354,32
<b><u>Total assets</u></b>		

## LIABILITIES

### Fund capital

Contributions	40.390,15	40.035,15
EIB special contribution	60,00	60,00
Stabex contributions	1.800,00	1.800,00
	42.250,15	41.895,15
Total inter-fund transfers	848,74	848,74
	43.098,89	42.743,89
Capitalised income	704,68	689,00
<b>Total Fund capital</b>	<b>43.803,57</b>	<b>43.432,71</b>
<b>Other sources of funds</b>		
Payments	- 25.913,69	- 23.504,12
Recoveries	18,18	9,76
Transactions to be finalised	- 11,24	- 10,80
Doubtful debt provisions	- 0,03	- 2,76
	-	
Creditors	717,40	429,35
<b><u>Total liabilities</u></b>	<b>18.614,19</b>	<b>20.354,32</b>

The following points should be noted in relation to this table:

- The “initial allocation” represents the total amount receivable from the Member States for the relevant EDF fund as laid down in the internal agreement between the Member States and the beneficiary African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories (OCT).
- The initial allocation for the (current) 9<sup>th</sup> EDF, which originally totalled € 10.555,15 million has since been increased by an amount of € 105 million, which was released by the EIB in accordance with the provisions of Council Decision 2003/583/EC. This additional allocation is in favour of actions to be undertaken in the Democratic Republic of the Congo.
- A further € 250 million was taken from the € 1.000 million reserve (Article 2(2) of the Internal Agreement for the 9<sup>th</sup> EDF) following the adoption of Council Decision 2004/289/CE in order to establish a water facility.
- No financial contributions have yet been called in from the 9<sup>th</sup> Fund, with the sole exception of the € 105 million in favour of the Democratic Republic of the Congo referred to above.

EDF contributions are paid into EDF Treasury accounts (accounts held with the central banks of the Member States). In accordance with the provisions of Article 40(4) of the Financial Regulation interest is charged to the Member States in the event of late payment of the called-up contributions.

From the EDF Treasury accounts the Accounting Officer makes a series of transfers to the EUR paying agents -accounts with commercial banks established in the Member States used for (i) payments to beneficiaries within the Union and (ii) for transfers to the ACP paying agents -bank accounts held within the ACP States. The latter are used for making payments in local currency within the beneficiary State.

Interest earned on accounts with European paying agents can be used to finance projects in accordance with Articles 1.3 and 10 of the Internal Agreement. In 2004 a total amount of €6,57 million was earned, including the interest on late (Member State) contributions.

The figure shown for recoveries (€ 18,18 million) represents the value of recovery orders issued but unpaid at the year end. During 2004, recovery order files closed amounted to €40,34 million. Of this total, an amount of € 970.161,53 was written off by the Authorising Officer during the year and an amount of € 3.169.860,39 was recovered by the Accounting Officer by way of offsetting, in accordance with the provisions of Article 46 of the 9<sup>th</sup> EDF Financial Regulation.

## **2. Funds managed by the European Investment Bank (EIB)**

### INVESTMENT FACILITY

BALANCE SHEET AS AT 31 DECEMBER 2004

(€ million)

	<b>31.12.2004</b>	<b>31.12.2003</b>
Loans and advances to credit institutions	98,26	67,47
Shares and other variable-yield securities	11,79	3,70
Subscribed capital unpaid	60,00	133,49
<b>TOTAL ASSETS</b>	<b>170,50</b>	<b>204,65</b>
<b>IES</b>		
Facility Capital	164,65	205,00
Prifit / Loss for the financial year	5,85	-0,35
<b>TOTAL LIABILITIES</b>	<b>170,50</b>	<b>204,65</b>

The Investment Facility was established within the framework of the Cotonou Agreement. It is managed by the European Investment Bank. Under the terms of the Agreement up to € 2.200 million may be allocated to finance the Facility. Within the framework of the Cotonou Agreement, The EIB also manages loans granted from its own resources. All other financial resources and instruments are administered by the European Commission.

The summary financial data only covers the operations of the Investment Facility. Under Council Decision of 8 April 2003, the Member States agreed to cover in full the expenses incurred by the Bank for the management of the Facility. Interest on bank deposits placed by the Facility with the EIB is not accounted for here, as such interest is payable directly to the European Commission.